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THE

NEW YORK

Steam Cable Towing Company.

CAPITAL STOCK, $500,000.

FIRST MORTGAGE SINKING FUND PARTICIPATING GOLD BONDS.

OFFICE:

NO. 40 BROADWAY NEW YORK.

ROOM 26.

ALBANY:
WEED, PARSONS AND COMPANY, PRINTERS.
1873.

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OFFICERS

OF THE

New York Steam Cable Towing Co.

PRESIDENT:

JAMES A. BELL.

Late Auditor of the Canal Department of the State of New York.

VICE-PRESIDENT:

CHAUNCEY VIBBARD.

Late General Superintendent New York Central Railroad.

TREASURER:

JOSEPH T. BROWN.

SECRETARY:

EDMUND SAVAGE.

Of the Canal Department, Albany N. Y.

GENERAL SUPERINTENDENT:

MADISON M. CALEB.

Of American Transportation Company, New York City.

TRUSTEES:

EMERSON FOOTE,
Of Vibbard, Foote & Co., N. Y. city.

HIRAM D. FAULKNER,
New York city

HARRIS C. FAHNESTOCK,
Of Jay Cooke & Co., New York city.

JAMES A. BELL,
Dexter, Jefferson Co., N. Y

CHAUNCEY VIBBARD,
Of Vibbard, Foote & Co., N. Y. city.

ADDISON M. FARWELL,
Watertown, N. Y

PHILIP W. HOLMES,
New York city.

TALCOTT H. CAMP,
Pres. Jefferson Co. Nat. B'k, Watertown, N. Y

EDMUND SAVAGE,
Albany, N. Y.

EXECUTIVE COMMITTEE:

EMERSON FOOTE,
HARRIS C. FAHNESTOCK,
CHAUNCEY VIBBARD,
PHILIP W. HOLMES.

ATTORNEYS:

BARNEY, BUTLER & PARSONS,

Trinity Building, New York city.

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PRINCIPAL OFFICE OF THE COMPANY,

NO. 69 NORTH PEARL STREET,

ALBANY, N. Y.

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OFFICE OF THE N. Y. STEAM CABLE TOWING CO.,
ALBANY, *April* 1*st*, 1873.

The introduction and rapid progress of railway transportation within the last quarter of a century has, to a great extent, diverted the public mind from the important services which our canals are rendering to the commerce of our country.

With the slow process of animal towage, the canal traffic has steadily increased from year to year until, in 1872, it reached 6,673,370 tons, which will nearly equal the combined freight traffic of the New York Central and Erie Railways. No stronger evidence could be adduced to show that, however much our canals have been neglected, they are still indispensable agents in the movement of the large and increasing commerce between the Western States and the city of New York.

It is, therefore, proposed to give to the public a brief description of our canals; the importance of their traffic; a description of the cable system; a history of the organization of the NEW YORK STEAM CABLE TOWING COMPANY, and the method by which it is proposed to obtain the additional capital necessary to carry out the object of its organization.

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THE NEW YORK CANALS.

THEIR CONNECTIONS AND COMMERCE.

The canals and navigable rivers within the territory of the United States of America furnish channels for transportation unequaled, in extent and importance, by any country in the world. The canal system of New York alone is one of the most stupendous and important works of internal improvement of modern times. The "Grand Erie canal," and its branches, furnish artificial channels of water communication of nine hundred miles in length. And their connection with rivers and small lakes, within the State, makes the whole distance now navigated by New York canal boats nearly thirteen hundred and fifty miles.

These inland channels connect, by the best and only feasible route, the Atlantic ocean, at New York city, with some nine thousand miles of natural waters in the great northern lakes. This chain of lakes is also connected, by the Fox river improvement and the Michigan and Illinois canal, with the waters of the Mississippi river; thus affording an unbroken water highway from the Mississippi river, at two several points, to the American metropolis, and thence to nearly every part of the world.

The Erie Canal — Its Dimensions and Levels.

The Erie canal, the construction of which commenced in 1817, was formally opened in 1825. It is three hundred and fifty miles long, and, since the enlargement, seventy feet wide on the surface, fifty-six feet at the bottom, and seven feet deep, with seventy-two locks, nearly all of which have been doubled. It connects the Hudson river at Albany and Troy with the waters of Lake Erie at Buffalo.

The length of the principal levels on the Erie canal, from Buffalo eastward, is as follows:

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From Buffalo to Lockport	31 miles	0	locks.
" Lockport to Rochester	65 "	0	"
" Pittsford to Arcadia	27 "	2	"
" Clyde to Geddes	40 "	2	"
" Lodi to Frankfort	64 "	1	"
" Sprakers to Schoharie aqueduct	14 "	0	"
" Lock No. 19 to Head of 16's	9 "	0	"
Total	250 "	5	"

Time Required for Lockage.

The time consumed in passing boats through the locks depends, to some extent, upon circumstances. For instance, the lifts are unequal, varying from six to twelve feet, and, as a general rule, heavily-laden boats require more time than light boats, and more time is consumed in passing a boat through a lock in the night than in the day time.

Its Capacity.

The capacity of a canal is determined by the number of lockages that can practically be made in a definite time. The locks upon the Erie canal have never received the attention to which they are entitled, being indifferently manned, and without proper mechanical auxiliaries. It has been shown by frequent tests that a boat can be passed in four minutes, to wit:

For boat to enter lock, snub and shut the gates	1½ minutes.
To open valves, and empty the lock	1 "
To open the gates and get the boat out	1½ "
Total average time consumed	4 minutes.

This result would give 360 lockages in twenty-four hours, at a single lock, and 720 at double locks, calling the movement from tide, one-seventh of the tonnage going to tide water and the average length of the season of navigation 230 days; it would make the annual capacity of the Erie canal equal to 9,360,000 tons with single locks, and 18,720,000 tons with double locks.

Capacity of Boats — Modes of Towage.

The boats now navigating this canal carry from 200 to 250 tons burden, and are towed by animal power, at an average speed of about one and a half miles per hour, including lockages. The towing of boats is managed in accordance with the interests or inclination of the owners. In most cases the owner of a boat keeps two teams, one of which is carried in a small stable in the bow of

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the boat, while the other is at work on the tow-path. These teams are changed at regular intervals, thus keeping the boat moving, day and night, to the end of the trip. The expense of keeping these teams, at Troy or Albany, while the boat is towed by steam to New York and back, is a serious drawback on the earnings of the season. To avoid this, and keep the animals constantly at work, towing companies have been formed, and stations established at suitable distances along the canal, with the necessary number of teams to tow such boats as may choose that method. The cost of towing a boat in these "lines" varies from thirty-five to forty-five cents per mile. It occasionally reaches fifty cents near the close of navigation.

Horse Towage — Time Required.

The official reports from the Canal Department state that for the last ten years the average time consumed in towing a boat from Buffalo to Troy or Albany, by animal power, is ten days. Boats of the largest class, however, more frequently require twelve days. The following statement will more definitely express actual results. Boats running day and night require:

From Buffalo to Syracuse	186	miles.	5 days.
" Syracuse to Utica	56	"	2 "
" Utica to West Troy	103	"	4 "
From Buffalo to West Troy	345	"	11 "

Instances have occurred in which boats have been "timed" at eight days, but the above is believed to be better time than boats average during the season.

Canal Navigation — Length of Season.

For several years past the New York canals have not been opened for navigation until from the 6th to the 10th of May, and they have been officially closed during the first week in December, the official season of navigation averaging from 212 to 214 days. From unforeseen causes of interruption, it may not be safe to count on over 200 days.

The Commercial Importance of the Canals.

An estimate of the business now done on these canals may be made from official reports. The register shows that there are 6,870 boats, with a carrying capacity of 1,225,000 tons. The amount of freight transported annually averages about 6,000,000 tons. In 1868 the total movement was 6,442,225 tons, or 1,033,751,268 tons moved

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one mile, at a cost of 88-100 of a cent per ton per mile, against a total movement, on the New York Central and the Erie Railways, of 5,754,842 tons, or 961,899,011 tons moved one mile, at an average cost of $2\frac{46}{100}$ cents per ton per mile, or nearly three times the cost of canal transportation. On the tonnage of that year the canals received, from freight and tolls, $9,012,659, against $20,917,166 charged for freight on the tonnage of said railways. For several years previous to 1870 the gross revenues of the canals have averaged $4,250,000, and the annual average cost of collection and repairs has been about $1,250,000, leaving a net revenue to the State of $3,000,000.

The amount of freight transported over our canals in 1872 was 6,673,370 tons. With a more certain and expeditious system of towage this tonnage could be largely increased.

An Improved System of Towage required — Difficulties have attended its Introduction.

Canal navigation in this country has not kept pace with the improvements of the age. It is a remarkable fact that the same slow process of animal towage which was inaugurated nearly fifty years ago is still exclusively employed in the movement of boats upon the New York canals. One of the principal arguments used in favor of the enlargement of the Erie canal to its present grand dimensions was, that a "canal of seventy feet width and seven feet depth of water would afford a splendid chance for the propulsion of boats by steam." Various attempts have been made to supersede this slow and vicious system, by the use of the side wheel and screw propeller. But, thus far, all such attempts have ended in technical and commercial failures. The want of success in the use of steam in the propulsion or towage of boats upon canals is mainly attributable to the excessive loss of power which is unavoidable in the use of a screw, or, in fact, any other propeller working in the receding waters of a narrow and shallow channel.

Numerous other inventions intended to remedy the defects of the ordinary propeller have been and are being tried with no other result than to ascertain their utter want of adaptation to this peculiar navigation.

Hence the horse and the mule, with their wretched drivers, are still seen toiling along the tow-path as they did a half century ago, while the increasing facilities of the railways are daily diminishing the once prosperous traffic of the most natural and cheapest highways of commerce.

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THE CABLE SYSTEM — THE ONLY PRACTICAL REMEDY.

The system of steam cable towage has been in successful operation upon the canals and rivers of France, Belgium, Holland, Austria, Russia and other European countries for several years. The principle involved in this system was first introduced upon the river Seine, in France, some ten or fifteen years ago, for towing freight-boats between Havre and Paris. The process was there performed by the use of a submerged chain, with links about eight inches long. This chain was placed over or round a cog-wheel attached to the engine. The cogs were made oblong to fit the links of the chain and prevent it from slipping. But the invention of Fowler's clip drum allows the use of a wire cable, instead of the cumbrous chain, which largely reduces the cost, and increases the efficiency of this method of towage. The system has since been so much simplified and perfected that it is now being used upon most of the principal canals and rivers on the continent of Europe.

The system is simple, consisting of a wire cable laid on the bottom of the canal through its entire length, and fastened at the two extreme ends; and a steam tug or tow-boat, provided with an additional engine, to which is attached a clip-drum, or grooved driving wheel, with suitable guiding and tightening pullies. Thus equipped, and the boats to be towed made fast to the tug, the process of towing is performed by lifting the cable from the bottom of the canal by means of a grapple, and placing it over the clip-drum. This drum is then put in motion (turned) by machinery in the tug, causing the cable to pass over it without slipping, and fall back again into the canal at the stern of the tug. Thus the tug is drawn along the cable, and consequently through the canal, with the same facility that a locomotive is drawn on the rails, with this difference: the rail is stationary and the locomotive *wheel passes over it*, while the *cable* is flexible and *passes over the drum*. The tugs used, and the boats towed thereby, can be passed through the locks with the same facility as those towed by animal power. The immense commerce of the Erie canal will require two cables — one for the *up*, and another for the *down* boats.

The great advantage of this system over all methods hitherto tried for the towage of boats by steam is, that there is no slip or waste of power, the whole force of the engine being exerted upon the cable.

In the autumn of 1869 ADDISON M. FARWELL, of Watertown, N. Y., visited Europe to witness the operation of this system of

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towage upon the canals and rivers of France, Belgium and Germany, with a view of introducing it upon the canals and rivers of this country. After making a most thorough and critical examination of the system, and witnessing its operation under almost every conceivable circumstance, he returned deeply impressed with its great superiority over any plan yet devised for the propulsion of boats upon the canals of this continent. Upon his report and application the Legislature passed an act, chapter 576 of the Laws of 1870, authorizing him, his associates and successors, to form a corporation under the "general act," for the introduction of the European system of steam towage upon the canals of this State. Said act gives him, his associates and successors, the *exclusive* right and privilege to submerge, or place one or more chains or cables on the bottom of the canals of this State, and use the same in the propulsion or towage of boats or floats thereon for pay or hire.

The act also imposes a severe penalty upon any person who may meddle with or disturb such chains or cables, or obstruct, interfere with or detain the boats rightfully using them, or towed thereby. It also exempts the tugs and the machinery connected therewith, together with the necessary fuel, from the payment of tolls. This system is subject to the rules and regulations of the Canal Board, with the usual clause for its modification.

The Canal Board also amended the regulations for navigating the canals, and gave to boats towed by steam a preference at the locks.

Patents Secured.

The clip-drum and other portions of the machinery used in the propulsion and towage of boats upon canals and rivers by this system have been patented in Europe and the United States. Mr. Farwell, by contract with the patentees, secured the right to use the same upon the canals of the State of New York, and subsequently transferred all the rights thus acquired to the New York Steam Cable Towing Company.

In the spring of 1871 orders were sent to Europe for the construction of six miles of steel wire cable, one inch in diameter, an engine, Fowler clip-drum, and other necessary machinery. In the mean time a tug, or tow-boat, of seventy-five feet keel and fourteen feet beam, had been built in this country, after plans obtained from Belgium. Upon the arrival of the machinery it was readily placed in position, and the cable laid in the Erie canal between Albany and West Troy.

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Benefits of this System of Towage on the Canals.

Benefits to Commerce.

No argument will be necessary to convince the most superficial observer that the employment of steam in the towage of boats will infuse new life and activity in all connected with the canals. Its quickening influence will be felt all along the line, from the lock tenders to the highest official.

This system will enable boats to make twice the usual number of trips in a season. It will double their earnings, and practically double the equipments and capacity of the canals. By furnishing a more reliable and expeditious method of transportation, it will offer greater inducements to shippers to patronize the canals and thus increase their traffic.

The advantage of this system will further appear by comparing the cost thereof with the cost of the present method of towage. It will not only diminish the time, but it will reduce the cost of transportation. Hitherto no process has been invented that can tow boats on canals so cheaply as animal power. For a series of years past animal towage has cost from thirty-five to fifty cents per boat per mile. During the season of 1871, the price ruled from 35 to 40 cents per mile. Therefore, the aggregate cost of towing a boat the whole length of the Erie canal, 350 miles, at, say, thirty-five cents, is $122.50.

By the steam cable system it is confidently believed that boats can be towed through the canal, with double the speed, at a greatly reduced cost. For example: one tug will haul six canal boats at a uniform speed of three miles per hour.

The cost of running the tugs for twenty-four hours may be stated as follows:

Two tons coal at	$6	$12
One captain	3	3
Two engineers	3	6
Two wheelsmen	2	4
Two deckhands	1.50	3
Board of 7 men	1	7
Oil, incidentals, etc.		5
		$40

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Then, if six days be allowed for making a trip, the cost of towing six boats through the Erie canal, by this system, will be only $240 against $122.50 for one boat by animal towage.

Of course, interest on capital, wear and tear of machinery, and unforeseen contingencies, will increase the cost of steam cable towage considerably above these figures, but it will be seen from the above comparison that there will be an ample margin left for profits, after providing for all such expenses. It is, therefore, believed, that, in addition to the great commercial benefits which an accelerated movement will confer, this system of steam cable towage will reduce the cost of transportation on the canals much below the rates now paid for animal towage.

Benefits to the State.

Any system of towage that will increase the commerce of the canals will benefit the State; and a system that will double their commerce, or even increase it fifty per cent, will not only largely benefit this State but all the States lying east and west of us. With the present toll-sheet, the employment of this system would supply the means for paying the balance of the State debt in half the time possible under the present system, or *tolls could be again reduced one-half and furnish the present amount of revenue.*

This system of steam cable towage will not only increase the revenues which the State would receive from tolls on an increase of tonnage, but it would decrease the cost of taking care of the canals. The complete adoption of this system would render any further repairs upon the tow-path unnecessary.

But few persons are aware of the amount of money annually expended by the State in keeping up the tow-paths and change bridges. A carefully prepared statement of the expense of maintaining these structures, for the year 1870, shows that they cost the State over $180,000.

The City of New York Largely Interested in the Success of This Enterprise.

Aside from the advantages afforded by this system as a means for profitable investment, there are other considerations of public interest which should not be lost sight of, and in regard to which New York should not be indifferent.

Powerful combinations are already formed, and forming, to divert this western commerce to other Atlantic cities. It can only be

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retained and increased by a more certain, cheap and expeditious system of towage on our canals.

The city of New York, now first in population, wealth and commerce, owes that proud position to the Erie canal. Take away or neglect that artery of commerce and other Atlantic cities, by means of their railway combinations, would soon gain the ascendancy, and command the trade of the West.

Shipments made in the West by rail are diffused to all parts of the Atlantic seaboard, while those by water find but a single outlet, by way of the lakes, Erie canal and Hudson river to New York.

The city of New York is largely interested in the success of this enterprise. She owes her vast wealth and commercial supremacy to the Erie canal. Should the traffic of the great west be diverted from this artificial channel it would reach the seaboard at other points, and New York would be compelled to yield her proud position to her southern rivals.

THE NEW YORK STEAM CABLE TOWING COMPANY.

This Company was organized under the general and special laws of the State of New York, on the 1st day of November, 1871.

Its object is to introduce and operate an improved system of Steam Towage upon the canals of this State. To aid in the accomplishment of this object, the legislature has conferred upon this Company the *exclusive* right to use the European system of Steam Cable Towage upon the canals for a period of fifty years.

The adaptation of this system to the towage or propulsion of boats upon our canals, and its superiority over all other methods of Canal Towage, have been fully established. In addition to its use for many years in Europe, this Company has *successfully operated* two steam tugs on some thirty-one miles of single cable, in the towage of canal boats last fall, on the Erie canal, between Buffalo and Lockport, and now propose to procure the means necessary to complete the equipment of this level with a double line of cable and the requisite number of tugs, and to extend the same to Rochester, a distance of ninety-six miles in all.

It appears, from the official returns in the Canal Department, that the number of boats leaving Buffalo daily during the season of navigation averages *forty-five*, nearly three-fourths of which clear to tide water. Hence, it will require six tows of six or seven boats each, and making a round trip daily, to do the business between Buffalo and Lockport.

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The distance between Lockport and Rochester is sixty-five miles, or double the distance from Buffalo to Lockport, and will, therefore, consume twice the time in making a trip, and require double the equipment. To provide in part the funds requisite for this equipment, the New York Steam Cable Towing Company has executed, and delivered to the New York Guaranty and Indemnity Company, of the city of New York, $800,000 of its first mortgage six per cent bonds, payable in gold in ten years from the first day of April, 1873, interest payable in gold, semi-annually, on the first days of October and April, *and participating with the stock in the net earnings of said Company to the extent of an additional six per cent in gold.*

To secure the payment of these bonds and the interest thereon, as the same becomes due and payable, the New York Steam Cable Towing Company has duly executed and delivered to the New York Guaranty and Indemnity Company, as required by law, a mortgage or deed of trust upon all the rights, privileges, franchises and property which the Towing Company now owns, or may acquire on, or pertaining to that portion of, the Erie canal.

No one familiar with the immense *commerce* of the Erie canal, the superiority of our system of towage, comprising the most practical and economical application of steam power, and the value of the property, rights, privileges and franchises which this Company has pledged to secure the payment of these bonds, can doubt the sufficiency of this security. The State has virtually placed the entire commerce of her canals in the control of this Company. For all practical purposes, this Company has the same control over the Erie canal, for the working of this system, that it could have were it the owner of the canal in fee. Nor do the benefits end here.

In addition to the free use of the immense amount of capital which the State has expended in the construction of these canals, they are kept in repair, and the locks attended at the expense of the State. Again, if a mortgage on the rights, privileges, franchises and property of a Company holding a valid and undisputed charter to lay tracks and operate a railroad in any section of country or in the streets of New York city, with a guaranteed annual tonnage of six million tons, would be considered a sufficient security for the funds necessary to provide the rails and rolling stock — then, equally sufficient is the security now offered by this Company to secure the bonds necessary to obtain the means to purchase the cable or furnish the tugs.

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In Conclusion.

The character of the security which this Company offers to parties who may invest their money in any of the stocks or bonds which the Company may issue may be briefly stated as follows: State Engineer Richmond, in his report to the Legislature in 1871, estimates the cost of the construction and equipment of the canals at $80,710,832. The Erie canal alone, without equipment, as it stands this day, has cost the State over $40,000,000. These canals are also kept in repair and the locks tended at the expense of the State. In addition to this large outlay of money by the State, individual capital has stocked these canals with nearly 7,000 boats of sufficient capacity to carry, with the present method of towage, over 10,000,000 tons in a single season. Nor is this all. The success of this enterprise does not depend upon a doubtful or uncertain traffic to be built up. The commerce of these canals has, for the last ten years, averaged nearly 6,000,000 tons per annum. By virtue of its charter and certificate of organization, this Company has the *exclusive right* to tow or propel boats by this system upon the canals for *fifty years;* consequently, this system being so much superior to animal towage as to command the business, doing it cheaper and with greater dispatch, this Company has the benefits of this large expenditure for the construction, equipment and maintenance of these canals as a basis of credit on which to borrow the money necessary to lay the cable and supply the tugs. The pledge of the earnings of this system of towage should be ample security for the money necessary to put it upon the canals.

BUFFALO AND ROCHESTER LEVELS.

DISTANCE, NINETY-FIVE MILES.

The following is an estimate of the annual business of the two levels it is now proposed to equip, based upon a charge of thirty cents per mile, or much less than the rates charged for animal towage:

Earnings on the Buffalo and Rochester Levels.

BUFFALO LEVEL.

(Horse-towing Company's charge, is 35 cents, and upwards, per mile.)

Forty boats each way for 200 days (length of season)—from Buffalo to Lockport, 31 miles.		
40 boats, at 30 cents per mile for 31 miles, is, per day..	$372 00	
200 days, at $372	$74,400 00	
Return trips	74,400 00	
Earnings from Buffalo to Lockport		$148,800 00
Carried forward		$148,800 00

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Brought forward		$148,800 00

ROCHESTER LEVEL.

Forty boats each way for 200 days—from Lockport to Rochester, 64 miles.		
40 boats, at 30 cents per mile, for 64 miles, per day	$768 00	
200 days, at $768	$153,600 00	
Return trips	153,600 00	
Earnings from Lockport to Rochester		307,200 00
Total earnings for both levels		$456,000 00

EXPENSES.

18 boats, at $40 per day, is $720, and for 200 days		$144,000 00
Net earnings		$312,000 00
Deduct for depreciation	$35,000 00	
Deduct for royalty	13,850 00	
Deduct 12 per cent gold, or say 14 per cent currency on $800,000 of bonds for interest and participation in profits	112,000 00	
		160,850 00
Leaving for Sinking Fund and dividends on common stock		$151,150 00

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APPENDIX.

Copy of the law authorizing the employment of this system of towage upon the canals of the State of New York.

CHAPTER 576, LAWS OF 1870.

AN ACT to provide for the introduction of the European system of steam towage upon the canals of this State.

PASSED May 2, 1870; three-fifths being present.

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

SECTION 1. Permission is hereby granted to ADDISON M. FARWELL, of Watertown, New York, his associates and successors, who may organize a corporation under the act entitled "An act to authorize the formation of corporations for manufacturing, mining, mechanical and chemical purposes," passed February seventeen, eighteen hundred and forty-eight, and any act or acts amendatory thereof, to introduce upon the canals of this State the "European system" of steam towing.

§ 2. The said FARWELL, his associates and successors, who shall organize as provided in previous section, are hereby authorized and empowered to tow boats, floats and cargoes on the canals of this State, for hire, and for that purpose may purchase and construct, or cause to be constructed, the necessary appliances for carrying on the business of canal towing, under the said European method, and shall have the exclusive right and privilege, during the term for which said corporation may be organized, to submerge or place one or more chains or cables on the bottom of the canals of this State, and attach the same thereto in such manner as will not interfere with navigation; and shall have the exclusive right to use such submerged chains and cables, designated and known as the European system, in the prosecution of the peculiar method of towing thereby. And whenever and wherever it may be necessary so to do, the said FARWELL, his associates and successors, or corporation aforesaid, are hereby authorized and empowered to own and employ other motive

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power in connection with said chain or cable process, provided the same shall not interfere with navigation. Nothing, however, in this section contained shall be construed as excluding other parties from the right or privilege of propelling or towing themselves or others by the agency of steamboats, propellers, elevated railway or animal power, but simply to vest in the said FARWELL, his associates and successors, or corporation organized as aforesaid, the exclusive right to lay and use chains or cables in the prosecution of the European system of towing thereby.

§ 3. Any person who shall meddle with or disturb the chains or cables, authorized to be laid under this act, with intent to injure the same, or in any manner to embarrass the operation thereof, or any person who shall willfully obstruct or interfere with boats rightfully using said chains or cables, or towed thereby, shall be deemed guilty of a misdemeanor, punishable by fine or imprisonment, the fine not to exceed $200, and imprisonment not to exceed three months. And any person who shall willfully injure the chains or cables as aforesaid, or by other improper conduct shall detain the boats rightfully using said chains or cables, or being towed thereby, shall be liable to the parties aggrieved for all damages occasioned by said injury or detention.

§ 4. The tugs, with machinery connected therewith, employed by said FARWELL, his associates and successors, or corporation aforesaid, in the prosecution of towing, together with the fuel necessary to the voyage, carried thereon, shall be exempt from the payment of tolls.

§ 5. In case said FARWELL, his associates and successors, or corporation aforesaid, shall neglect or fail to introduce said system of towing on the Erie canal within eighteen months after the passage of this act, all rights and privileges herein granted shall cease.

§ 6. Nothing herein contained shall be construed to exclude the system of towage hereby authorized from the supervision and control of the Canal Board, but the same shall be subject to all the rules and regulations from time to time established by the Canal Board for the navigation of the canals.

§ 7. The Legislature may at any time alter, modify or repeal this act.

§ 8. This act shall take effect immediately.

STATE OF NEW YORK, Office of Secretary of State. } ss:

I have compared the preceding with the original law on file in this office, and do hereby certify that the same is a correct transcript therefrom and of the whole of said original law.

HOMER A. NELSON,
Secretary of State.

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CHAPTER 93, LAWS OF 1872.

AN ACT to confer additional powers upon the New York Steam Cable Towing Company, a corporation organized pursuant to the requirements of chapter five hundred and seventy-six of the Laws of eighteen hundred and seventy, and to authorize said company to issue the preferred stock and bonds thereof.

PASSED March 8, 1872; three-fifths being present.

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

SECTION 1. In addition to the powers and privileges conferred upon ADDISON M. FARWELL, his associates and successors, by act chapter five hundred and seventy-six of the laws of one thousand eight hundred and seventy, entitled "An act to provide for the introduction of the European system of steam towage upon the canals of this State;" the New York Steam Cable Towing Company, a corporation duly organized in conformity with the provisions of "An act to authorize the formation of corporations for manufacturing, mining, mechanical and chemical purposes," and the several acts amendatory thereof, as provided in the aforesaid act first mentioned, shall have power to build, purchase, import, own, charter, equip and furnish all such boats, tugs, towers, chains, cables and other machinery and apparatus as may be necessary to apply and operate the said European system in the towage and propulsion of boats and floats upon the canals of this State, subject to the approval, in all cases, of the Canal Board. The New York Steam Cable Towing Company may also purchase, own, hire, lease and convey such real and personal property as may be necessary in the execution of the business contemplated in its charter and certificate of incorporation.

§ 2. Whenever the written assent of the stockholders owning at least two-thirds of the capital stock of the company shall have been obtained and filed, as hereinafter provided, the trustees of said company may, for the purpose of procuring the means necessary for equipping the canals with the system of steam cable towage, issue the preferred stock of the company, and make and issue the bonds of said company, and secure the same by mortgage of the franchises of said company, and also of all or any part of its real and personal estate; and every such mortgage shall, to all intents and purposes, be as valid as if executed by an individual owning such real and personal estate. Such assent shall be filed, and every such mortgage shall be recorded, in the office of the clerk of the county where the principal office of the

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company is located. And it is hereby declared that such filing and recording shall be a sufficient compliance with the laws on this subject, except as to mortgages upon the real estate of said company, which shall be recorded as now provided by law.

§ 3. This act shall take effect immediately.

STATE OF NEW YORK, } ss:
Office of Secretary of State. }

I have compared the preceding with the original law on file in this office, and do hereby certify that the same is a correct transcript therefrom, and of the whole of said original law.

Given under my hand and seal of office, at the city of Albany, this eighth [L. S.] day of March, in the year one thousand eight hundred and seventy-two.

G. HILTON SCRIBNER,
Secretary of State.

CERTIFICATE OF INCORPORATION.

"STATE OF NEW YORK, } ss:
COUNTY OF ALBANY, }

Be it known that we, ADDISON M. FARWELL, of the city of Watertown, N. Y.; JAMES A. BELL, of the village of Dexter, N. Y.; HIRAM D. FAULKNER, of the city of New York, and EDMUND SAVAGE, of the city of Albany, N. Y., do, by these presents, pursuant to, and in conformity with, the act of the Legislature of the State of New York, passed on the seventeenth day of February, one thousand eight hundred and forty-eight, entitled "An act to authorize the formation of corporations for manufacturing, mining, mechanical or chemical purposes," and the several acts of the said Legislature amendatory thereof, associate ourselves together and form a body, politic and corporate, under the name and style of "The New York Steam Cable Towing Company," and the following are declared to be the corporate name of the said company; the objects for which the company is formed; the amount of the capital stock of the said company; the term of existence of the said company; the number of shares of which the capital stock of the said company shall consist; the number of trustees, and their names, who shall manage the concerns of the said company for the first year; the name of the town and county in which the principal part of the business of the said company, within this State, is to be transacted.

FIRST. The corporate name of the said company is hereby declared to be "The New York Steam Cable Towing Company."

SECOND. The objects for which the said corporation is formed are as follows: For the purpose of introducing and operating, upon the

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canals of this State, the European system of steam cable towage; and constructing, purchasing, importing, owning, using and operating tugs, boats, vessels, cables, chains, machinery and other motive power and appliances to be used, employed and operated for pay and hire in the propulsion and towage of boats and floats, and for the purpose of complying with and carrying into effect the provisions and franchise of act, chapter 576 of the Laws of 1870, entitled "An act to provide for the introduction of the European system of steam towage upon the canals of this State."

THIRD. The capital stock of the said corporation shall be $25,000, which shall be divided into two hundred and fifty shares of $100 each.

FOURTH. The said corporation shall commence on the first day of November, in the year one thousand eight hundred and seventy-one, and shall continue in existence for the term of *fifty years.*

FIFTH. The number of trustees of the said corporation shall be seven, whose names are as follows, and who shall manage the concerns of the said corporation for the first year: ADDISON M. FARWELL, DAVID W. BALDWIN and ISAAC H. FISK, of the city of Watertown; JAMES A. BELL, of the village of Dexter; EDMUND SAVAGE, of the city of Albany; HIRAM D. FAULKNER and EMERSON FOOTE, of the city of New York — all of the State of New York.

SIXTH. The principal place of business of the said corporation shall be in the city of Albany, in the county of Albany, and State of New York.

ADDISON M. FARWELL, Watertown, N. Y.
JAMES A. BELL, Dexter, N. Y.
HIRAM D. FAULKNER, New York city.
EDMUND SAVAGE, Albany, N. Y.

CITY AND COUNTY OF ALBANY, *ss:*

On the 1st day of November, 1871, before me personally appeared ADDISON M. FARWELL, JAMES A. BELL, HIRAM D. FAULKNER and EDMUND SAVAGE, to me well known to be the persons described in and who executed the above instrument, and each, for himself, acknowledged the execution of the same, for the use and purposes therein mentioned.

H. C. SOUTHWICK, Jr.,
Com. of Deeds, Albany Co.

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At a subsequent meeting of the trustees the following officers were elected: JAMES A. BELL, President; ADDISON M. FARWELL, Treasurer; EDMUND SAVAGE, Secretary.

The company has since increased its capital stock to $500,000, and also increased the number of its trustees to nine in accordance with the provisions of law.

COPY OF BOND.

No. .... $1,000.

UNITED STATES OF AMERICA. STATE OF NEW YORK.

Six per cent Gold, Sinking Fund and Participating Bond of

THE NEW YORK STEAM CABLE TOWING COMPANY.

Incorporated November 1, 1871. Whole issue $800,000.

SECURED BY FIRST MORTGAGE

Upon its Franchises and Property pertaining to the Buffalo and Rochester Division of the Erie canal.

THE NEW YORK STEAM CABLE TOWING COMPANY, a corporation formed and existing under the general and special laws of the State of New York, is indebted to in the sum of One Thousand Dollars, which the said company promises to pay in gold coin to the registered owner hereof on the first day of April in the year one thousand eight hundred and eighty-three, together with interest thereon from and after the date hereof, at the rate of six per centum per annum, payable semi-annually in gold coin at the banking house of the New York Guaranty and Indemnity Company, in the city of New York, on the first day of April and October in each year.

If default shall be made in the payment of any interest of this bond, and if default shall continue for the period of six months, and if such interest shall be afterward demanded at the place where the same is payable, then, on any failure to pay such interest so demanded, the whole principal of this bond, and of all other bonds of the same series which shall have been issued, and shall then be outstanding shall thereupon be and become forthwith due and payable, any thing herein contained to the contrary thereof notwithstanding.

This bond is one of a series of eight hundred bonds of the same tenor and date, and numbered consecutively from one to eight hundred both inclusive for the sum of one thousand dollars each, and amounting in the aggregate to eight hundred thousand dollars. The payment of the principal and interest of all of said bonds is alike and equally secured by a mortgage or deed of trust, bearing even date herewith, made, executed and delivered by this company, to the said The New York Guaranty and Indemnity Company, upon all the real and personal estate, boats, towing cables, franchises, business, profits and property of this company acquired or to be hereafter acquired, being in the use or possession, or to come into the use or possession of this company or in any wise appertaining to its business of Cable Towing by steam upon the two levels of the Erie canal from Buffalo to Lockport and from Lockport to Rochester, in the State of New York, as particularly expressed in said mortgage.

This bond is entitled to the benefit of a Sinking Fund of ten per centum of the net earnings of the company to be deposited annually on the first day of April with the trustee, as provided in and by said mortgage. And the owner of this bond is also entitled on the first day of every April hereafter to a *pro rata* participation in all such net earnings of this company as shall be realized from its

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business upon the two levels aforesaid during the year ending the thirty-first day of the previous December, after deducting therefrom interest on this issue of its bonds and ten per centum for the sinking fund, such participation to be equal to one-half of said net earnings to the extent and amount of six per centum per annum on the amount of the principal of this bond. And this company hereby binds itself to pay such additional six per centum or so much thereof as shall be realized as aforesaid in gold coin at the banking house of The New York Guaranty and Indemnity Company on the first day of every April hereafter until this bond is paid.

This bond shall pass only by assignment indorsed hereon and by transfer on the books of the company in the city of New York, which transfer books the company may close during the fifteen days next preceding the date herein fixed for the payment of interest.

IN WITNESS WHEREOF, the said The New York Steam Cable Towing Company has caused its corporate seal to be hereunto affixed, and these presents to be subscribed by its President and attested by its Secretary, and to certify that the said trustee is possessed of the said mortgage, and that this bond is one of the said eight hundred bonds, secured thereby, the said The New York Guaranty and Indemnity Company, as trustee has, by its President, countersigned this bond the first day of April, in the year of our Lord, one thousand eight hundred and seventy-three.

[L. S.] *President.*

Secretary.

Countersigned, The New York Guaranty and Indemnity Company,

Trustee.

By *President.*

COPY OF TRUST DEED.

THIS INDENTURE made the first day of April, in the year of our Lord one thousand eight hundred and seventy-three, BY and BETWEEN THE NEW YORK STEAM CABLE TOWING COMPANY, a corporation duly organized and existing under and by virtue of the several laws of the State of New York, hereinafter more particularly mentioned, party of the first part, and THE NEW YORK GUARANTY AND INDEMNITY COMPANY, a corporation duly organized and existing under and by virtue of the laws of said State, and having its banking house or place of business in the city of New York, party of the second part, WITNESSETH as follows, viz.:

WHEREAS, The People of the State of New York, by a certain act of their Legislature, passed May 2, 1870, entitled "An Act to provide for the introduction of the European system of steam towage upon the canals of this State," and known as chapter 576, of the Laws of 1870, granted to Addison M. Farwell, his associates and successors who might organize a corporation under the act entitled "An Act to authorize the formation of corporations for manufacturing, mining, mechanical and chemical purposes," passed Febru-

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ary 17, 1848, and any act or acts amendatory thereof, permission to introduce upon the canals of said State the European system of steam towing, and thereby authorize said Farwell, his associates and successors, who should organize as aforesaid, to tow boats, floats and cargoes on the canals of said State for hire, and for that purpose to purchase and construct, or cause to be constructed, the necessary appliances for carrying on the business of canal towing under the said European method; and further granted to said Farwell, his associates and successors as aforesaid, the exclusive right and privilege, during the term for which their said corporation should be organized, to submerge or place one or more chains or cables on the bottom of the canals of said State and attach the same thereto in such manner as not to interfere with navigation, and to use such submerged chains and cables in the prosecution of the peculiar method of towing thereby; and further granted to said Farwell, his associates and successors as aforesaid, the right to own and employ other motive power in connection with said chain or cable process; and further granted to said Farwell, his associates and successors as aforesaid, exemption from the payment of tolls upon the tugs and machinery connected therewith, together with the fuel necessary for the voyage carried thereon, to be employed by them in the prosecution of towing; and further provided by suitable penalties for the punishment of any person who should interfere with, or disturb, said cables, machinery or tugs; and,

WHEREAS, In pursuance of the provisions of said act passed February 17, 1848, the said Addison M. Farwell and his associates, to wit, James A. Bell, Hiram D. Faulkner and Edmund Savage, on the first day of November, in the year one thousand eight hundred and seventy-one, made, signed and acknowledged a certificate in writing in due form, whereby they organized a corporation in conformity with the act last above mentioned, under the name of The New York Steam Cable Towing Company, for the object of introducing and operating upon the canals of this State the aforesaid system of steam cable towage, and of complying with, and carrying into effect, the provisions and franchises of the aforesaid act of May 2, 1870, and whereby the capital stock of said corporation was fixed at twenty-five thousand dollars, and the term of the existence of the said corporation was fixed at fifty years, from and after the said first day of November, one thousand eight hundred and seventy-one, and the city of Albany, in the county of Albany and State of New York, was designated as the principal place of business of said corporation; and

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WHEREAS, The said certificate was duly filed in the office of the clerk of said county of Albany, on the first day of November, in the year one thousand eight hundred and seventy-one, and a duplicate thereof was on the same day duly filed in the office of the Secretary of State at said Albany; and

WHEREAS, The said Farwell and his associates have introduced the aforesaid system of towing on the Erie canal, as required by the aforesaid act of May 2, 1870, and the said New York Steam Cable Towing Company now has and owns in and upon the Buffalo and Lockport level of said canal, thirty-one miles of steel cable properly laid and adjusted for towing purposes, and two steam tugs built and equipped for towing according to said system; and,

WHEREAS, The said New York Steam Cable Towing Company afterward, by due proceedings taken in conformity with the aforesaid act of February 17, 1848, increased its capital stock on the 8th day of February, 1872, to the amount of five hundred thousand dollars; and

WHEREAS, The people of the State of New York, by an act of their Legislature passed March 8, 1872, entitled "An act to confer additional powers upon The New York Steam Cable Towing Company, a corporation organized pursuant to the requirements of chapter 576 of the Laws of 1870, and to authorize the said Company to issue the preferred stock and bonds thereof," and known as chapter 93, Laws of 1872, granted to the said New York Steam Cable Towing Company in addition to the powers and privileges conferred upon the said Addison M. Farwell, his associates and successors, by the said act of May 2, 1870, the power to build, purchase, import, own, charter, equip and furnish all such boats, tugs, towers, chains, cables and other machinery and apparatus as might be necessary to apply and operate the said European system in the towage and propulsion of boats and floats upon the canals of said State, and the right and power to purchase, own, hire, lease and convey such real and personal property as might be necessary in the execution of the business contemplated in the charter and certificate of incorporation of said Company, and also further granted and provided that whenever the written assent of the stockholders, owning at least two-thirds of the capital stock of the said New York Steam Cable Towing Company should have been obtained and filed in the office of the clerk of the county where the principal office of said Company should be located, the trustees of the said Company might, for the purpose of procuring the means necessary for equipping the canals with the system of steam cable towage, make and issue the

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bonds of said Company, and secure the same by mortgage of the franchises of said Company, and also of all or any part of its real and personal estate ; and

WHEREAS, The people of the United States, by an act of their Congress, approved June 6, 1872, entitled "An act to reduce duties on imports, and to reduce internal taxes and for other purposes," have granted and provided that for a term of two years from the passage of said act, machinery and apparatus, designed only for and adopted to be used for steam towage on the canals, may be imported by any person duly authorized by the Legislature of any State, free of duty; and

WHEREAS, The said New York Steam Cable Towing Company is about to equip with double lines of steel cable, and with steam tugs and machinery sufficient to move all the freight offered for transportation, the two levels of the Erie canal, between Buffalo and Lockport, a distance of thirty-one miles, and Lockport and Rochester, a distance of sixty-five miles; and

WHEREAS, To procure the means necesssary for equipping the said ninety-six miles of the Erie canal, as aforesaid, with the said system of steam cable towage, the stockholders of said New York Steam Cable Towing Company, owning more than two-thirds of the capital stock of said company, did, by an instrument in writing, dated the twenty-sixth day of March, one thousand eight hundred and seventy-three, and signed by them, assent to the issuing of bonds of said Company, to the amount of eight hundred thousand dollars, and to the making and delivery of a mortgage, with such provisions, stipulations and covenants as should be approved by the trustees, conveying all the franchises, property and estate, real and personal, acquired or to be acquired by said company, and on or pertaining to the two levels of the Erie canal aforesaid, to the New York Guaranty and Indemnity Company, or other suitable trustee, to secure the payment of said bonds and interest and the payment of the debts to be contracted by said company in the business for which it was incorporated, as evidenced by said bonds; and

WHEREAS, The said written assent was filed in the office of the clerk of Albany county, where the principal office of the said Steam Cable Towing Company is located, on the first day of April, one thousand eight hundred and seventy-three, and in the office of the clerk of Erie county on the nineteenth day of April, one thousand eight hundred and seventy-three, and in the office of the clerk of Niagara county on the nineteenth day of April, in the year last aforesaid, and in the office of the clerk of Orleans county on the nineteenth day of

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April, in the year last aforesaid, and in the office of the clerk of the county of Monroe on the twenty-first day of April, in the year last aforesaid; and,

WHEREAS, At a meeting of the trustees of the New York Steam Cable Towing Company, held at No. 40 Broadway in the city of New York in said State, on the twenty-sixth day of March, one thousand eight hundred and seventy-three, it was resolved and decided that, to secure the payment of debts to be contracted by the said New York Steam Cable Towing Company in the business for which it was incorporated, to wit: To procure the means necessary to enable said company to equip with the system of steam cable towage the two levels of the Erie canal between Buffalo and Rochester in the State of New York, the said company and its trustees in its behalf issue bonds in conformity with the aforesaid assent of stockholders and in the form approved by resolution duly passed and recorded at said meeting of trustees, which said form is as follows viz.:

(*Bond omitted here, but will be found on page* 26, *preceding.*)

AND, WHEREAS, The said New York Steam Cable Towing Company has made and caused to be duly executed, attested and delivered to the New York Guaranty and Indemnity Company, as trustee, to be by said trustee countersigned and held subject to the provisions hereinafter set forth, its bonds in the form aforesaid, numbered consecutively from one to eight hundred, both inclusive, each for the sum of one thousand dollars in gold, and amounting in all to the sum of eight hundred thousand dollars in gold, to which amount the issue of bonds to be secured by this mortgage is restricted; and

WHEREAS, At the aforesaid meeting of the trustees of the said New York Steam Cable Towing Company, held on the twenty-sixth day of March, one thousand eight hundred and seventy-three, it was further resolved and decided that the aforesaid issue of bonds be secured by a mortgage of all the franchises, property and estate of said Company, in conformity with the aforesaid assent of said stockholders, and that the said mortgage be in the form of this instrument, which said form was at the said meeting of trustees duly approved, adopted and entered upon the minutes of said trustees.

NOW, THEREFORE, For the purpose of securing, equally and alike, the payment of each and all of the bonds of the aforesaid series, principal and interest, as the same shall become due, according to the true tenor and import thereof, and in consideration of the premises, and of the sum of one dollar paid to the party of the

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first part by the party of the second part hereto, the receipt whereof is hereby acknowledged, the said party of the first part, THE NEW YORK STEAM CABLE TOWING COMPANY, has granted, bargained, sold, assigned, conveyed and confirmed, and does, by these presents, grant, bargain, sell, assign, convey and confirm, unto the party of the second part, THE NEW YORK GUARANTY AND INDEMNITY COMPANY, its successor in the trusts herein and hereby created, ALL the rights, franchises, property, estate, lands, tenements and hereditaments, and all the chattels and effects hereinafter mentioned; that is to say, the right and franchise to be a corporation for the purpose of introducing, and as such corporation to introduce the European system of steam towing upon the two levels of the Erie canal, between Buffalo and Rochester, in the State of New York, in all, a distance of ninety-six miles or thereabouts, and to tow boats, floats and cargoes on the said two levels of the Erie canal for hire, and for that purpose to purchase and construct, or cause to be constructed, the necessary appliances for carrying on the business of canal towing under the said European method; and the exclusive right and privilege, during the term of fifty years, to submerge or place one or more chains or cables on the bottom of said two levels of the Erie canal, and to use such submerged chains and cables in the prosecution of the peculiar method of towing thereby, and in respect to said two levels of the Erie canal to have and enjoy all the rights, powers, immunities and privileges, which have been granted to and conferred upon the party of the first part by any and all of the aforesaid acts of the Legislature of the State of New York, and of the Congress of the United States of America, or which have been, or may at any time be, acquired by the party of the first part, under or with reference to the aforesaid acts or any of them.

ALSO, All the lands, tenements and hereditaments that the said party of the first part now has or may hereafter at any time acquire adjoining the two aforesaid levels of the Erie canal between Buffalo and Rochester aforesaid; and,

ALSO, All the boats, tugs, towers, chains, cables and other machinery and apparatus, including the two steam tugs and thirty-one miles of steel cable now owned by the party of the first part and in use upon the aforesaid level between Buffalo and Lockport, which the said party of the first part now has or may, at any time, acquire for use upon, and fully to equip and furnish for the operation of said European system of towage, the aforesaid two levels of the Erie canal.

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TOGETHER with all rights, franchises, lands, tenements, hereditaments, chattels, effects, income, earnings, rents, issues and profits which the said party of the first part has or may, at any time, have or acquire upon, about or with reference to the said two levels of said Erie canal, and also all the estate, right, title and interest, property, possession, claims and demands whatsoever, as well in law as in equity, of the said party of the first part, of, in and to the same, any and every part thereof, with the appurtenances.

TO HAVE AND TO HOLD the above-described premises and appurtenances unto the said party of the second part, its successor or successors, in the trust hereby created, for the purposes and upon the conditions and subject to the provisions hereinafter set forth, to wit:

FIRST. *It is hereby provided* that, until default shall be made in the payment of the interest or principal of the aforesaid bonds, or in the performance of the covenants and agreements herein contained on the part of the party hereto of the first part, and until the said party hereto of the second part shall be entitled to take possession and control of the premises conveyed hereby for the purpose of enforcing the lien created hereby, the said party of the first part, its agents, appointees or assigns, shall be entitled to have, hold, use, possess and enjoy the said premises, property and appurtenances, and to receive the income, rents, issues and profits thereof.

SECOND. *It is hereby further provided* that if the said party of the first part shall well and truly pay, or cause to be paid, all the interest of or on account of said bonds, and also the principal of the said bonds, as the same shall become due and payable, according to the tenor and true intent and meaning of said bonds, and shall keep and perform all the covenants and agreements herein contained, on the part of the said party of the first part, then and in that case this indenture shall be and become null and void; otherwise it shall be and remain in full force and virtue.

THIRD. *All of the aforesaid bonds* (excepting an amount thereof not exceeding fifty thousand dollars par value which, when countersigned by said trustee, may be delivered to and used by said party of the first part to cover immediate expenses in prosecuting its business) shall be forthwith delivered to and deposited with the party of the second part.

FOURTH. *The party of the second part* may deliver from the bonds so deposited with it such part thereof as may from time to time be sold to actual *bona fide* purchasers, on receiving from the party of the first part, or its authorized agents, a certificate stating

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the number of bonds so sold, and the price at which the same have been sold, and on receiving at the same time the said proceeds of sale or valid and sufficient security for the payment thereof.

FIFTH. *From the proceeds of bonds* sold as aforesaid, or, in case such proceeds shall not be sufficient, then by the delivery of a sufficient number of said bonds at eighty-five per cent of their par value, in lieu of such proceeds the party of the second part may pay for property purchased or constructed for the equipment of the aforesaid two levels of the Erie canal, and also for the cost and expense of transporting and putting such equipment on said levels, upon the receipt of vouchers properly certified by the party of the first part showing that the said property has been acquired, and said cost and expense incurred for the purposes aforesaid by the party of the first part.

SIXTH. *From the proceeds of said bonds* while the same or any part thereof shall remain in its possession, the said party of the second part shall pay any interest or principal of said bonds or any of them which shall become due, and shall not be otherwise provided for by the party of the first part.

SEVENTH. *When the level of the Erie canal* between Buffalo and Lockport shall have been completely equipped and furnished as hereinbefore mentioned, and prepared for the prosecution of the business of Steam Towing according to said European system, and that fact shall be certified by the party of the first part, then the party of the second part shall deliver to the party of the first part, or its agents, an amount of said bonds or the proceeds thereof sufficient, together with what shall have been delivered or paid prior thereto, to make two hundred and fifty thousand dollars of the aforesaid bonds or the proceeds thereof, besides the fifty thousand dollars mentioned in the preceding third clause hereof, and when the two levels of said Erie canal between Buffalo and Lockport, and Lockport and Rochester, shall have been fully equipped, furnished and prepared as aforesaid, and that fact shall be certified as above required, then the party of the second part shall deliver to the party of the first part, or its agents, the remaining five hundred thousand dollars of said bonds and the proceeds thereof, or such part thereof as shall not have been delivered or paid out by the party of the second part as hereinbefore authorized. *Provided*, that said party of the second part shall not deliver the said two hundred and fifty thousand dollars of bonds or the proceeds thereof, or the said remaining five hundred thousand dollars of bonds or the proceeds thereof, nor any part of the same, unless at the time when such

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delivery is required, the party of the second part shall have in its possession funds of the party of the first part, exclusive of and beyond the property and sums so demanded, sufficient in amount to pay on all outstanding bonds of this issue the semi-annual interest which will become due next after such demand.

EIGHTH. *The party of the first part* shall provide for and pay all interest accruing on such of the aforesaid bonds as may at any time be outstanding, as the same shall become due, and shall provide for and pay the principal of said bonds at the maturity thereof.

NINTH. *The party of the first part* shall in each and every year deposit with the party of the second part ten per centum of the earnings and profits of said party of the first part, net, after the payment of expenses of business and interest due in said year. The sums so deposited shall constitute a sinking fund, of which the party of the second part shall be the custodian, and the said fund shall be invested from time to time in the purchase of bonds of this series at the lowest price at which they can be obtained in market, or said sinking fund shall be kept on interest and allowed to accumulate, and shall be paid and applied first, to the payment of any interest due and not otherwise provided for on any bonds of this issue; second, to the payment of the principal of said bonds when the same shall mature; third, to the treasury of the party of the first part, as soon as all bonds of this issue shall have been redeemed, taken up or fully provided for or paid.

TENTH. *It is hereby further provided* that in case default shall be made in the payment of the interest or principal of the bonds of this issue, or any of them, or in the performance of the covenants and agreements herein contained on the part of the party of the first part, and such default shall continue for six months, and payment shall afterward be demanded at the place where the interest or principal so unpaid is payable, and payment shall, upon such demand, be refused, the whole of said series of bonds shall thereupon forthwith become due and payable, and the party of the second part may, and on the request in writing of the owner or owners of the bonds of said series then outstanding, or any thereof, and on being properly indemnified against costs and expenses, shall enter on and take possession and control of all and singular the premises hereby conveyed or intended so to be, and shall proceed, by advertisement or by bill in equity, or in such lawful manner as it may be advised, to sell the premises and property hereby conveyed, or intended to be conveyed, at such time and place as may be appointed, to the highest bidder for cash, and after defraying the costs and

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